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PIAG-MP-2
20 February 1952

Petroleum Intelligence Advisory Group
of the Economic Intelligence Committee

Minutes of Meeting Held in
Room 6456, New Interior Building
Thursday, 31 January 1952 at 1000 hours

Present:

C. L. Burrill, PAD Chairman
C. Stribling Snodgrass, PAD
Brig. Gen. A. H. Johnson, USAF, MBPC
Harvey W. Daniels, MSA
Nestor C. Ortiz, State
H. C. Dees, CIA
[] CIA, Secretary

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Action:

Comment was invited by the Chairman on the draft of the energy studies in NIE-40 which had been distributed to PIAG members. Emphasis was on the availability and rationing of petroleum products in Western Europe as of primary concern to PIAG. Transportation of petroleum products insofar as it affected their availability in Western Europe was also submitted for comment.

Discussion:

1. Rationing of petroleum products for wartime fiscal year 1953 in Western Europe under Soviet occupation. Full discussion of this problem as presented in NIE-40 reflected full agreement on the general comment that the reduction shown therein in the civilian consumption from peacetime fiscal year 1952 of 45.2 million metric tons to 16.6 million metric tons in wartime fiscal 1953 under Soviet occupation,

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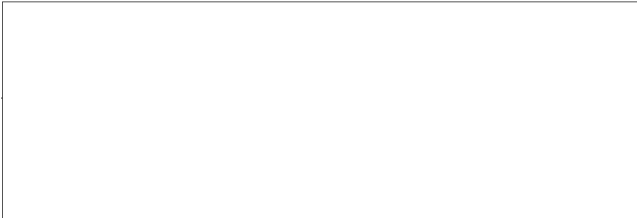
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was too great. No quantitative estimate for a revised level of rationing was attempted but it was the consensus that at least motor gasoline must be supplied to the civilian economy at a substantially higher level than indicated in NIE-40, if the Western European productive capacity is to be fully utilized in support of the war effort as stated in the assumptions.

2. Effect on the economy of Western Europe of additional rationing of petroleum products, over and beyond that estimated as the minimum essential civil requirements, in order to balance consumption against availability. It was the consensus that the qualitative conclusion given in NIE-40 on this question should be modified to indicate that the effect of such stringent rationing would inflict severe penalties on the Western European economy.

3. Area availabilities, requirements and deficits in area of present Soviet and Western Europe, and effect of transport limitations. The very complex situation presented by the assumptions, coupled by the limited concepts encompassed in this particular segment of the over-all NIE-40, was recognized. Discussion led to agreement that amplification and clarification of certain passages in the draft as submitted would be desirable.

4. Assumption of an effective allied blockade preventing marine shipments of oil from Middle East pipeline terminals in the Mediterranean to Soviet-controlled Europe. Although it was recognized that the problem of maintaining this blockade was not included in the NIE-40 draft presented for review, PIAG members felt impelled to submit the opinion that such a blockade would be extremely difficult to maintain at a fully effective level, so that availability of Middle East oil might be substantially above the nominal quantities which could be moved by overland transport.



Secretary

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